



HR AUDIT AND ITS INFLUENCE ON EMPLOYEE JOB SATISFACTION IN AHMEDABAD'S ORGANIZED RETAIL SECTOR

Sharma Neelam Jayprakash¹, Dr. Banibrat Sarkhel²

¹ Ph.D. Research Scholar, Sabarmati University, Ahmedabad

² Associate professor, Sabarmati University, Ahmedabad

ABSTRACT

An HR audit is a critical tool for enhancing the overall efficiency and effectiveness of human resource management within an organization. It provides a structured review of HR policies, practices, and procedures, ensuring that they are aligned with both organizational goals and legal compliance requirements. This study examines the role of HR audits and their influence on employee job satisfaction in Ahmedabad's organized retail sector. HR audits serve as a comprehensive tool for evaluating the effectiveness of HR practices and ensuring compliance with policies and regulations. Through a systematic evaluation, this study explores the perception of HR managers towards the impact of HR audits on employee job satisfaction and investigates the association between HR managers' demographic profiles and their views on the audit's effects. A sample of 128 HR managers from Ahmedabad was surveyed to assess their opinions. Findings indicate that HR managers believe HR audits help identify policy gaps, enhance HR efficiency, and directly contribute to improving job satisfaction. Additionally, a significant association was found between demographic factors such as gender, education, and experience and the managers' perception of the effect of HR audits. The research highlights the critical role HR audits play in improving organizational practices and fostering a more satisfied workforce in the retail sector.

KEYWORDS: HR Audit, Employee Job Satisfaction, Organized Retail Sector, HR Managers

1. INTRODUCTION

Overview of HR Audit

An HR audit is a systematic evaluation of an organization's human resource policies, practices, and procedures to ensure they align with both legal requirements and the organization's goals. It involves reviewing key HR functions such as recruitment, compensation, training, performance management, employee relations, and compliance with labor laws. The primary objective of an HR audit is to identify inefficiencies, ensure adherence to regulations, and highlight areas that require improvement, allowing organizations to refine their HR strategies for optimal performance. HR audits can be comprehensive, covering all aspects of human resource management, or they can focus on specific areas such as compliance, payroll, or employee benefits. The process typically involves gathering data through employee surveys, reviewing company records, and comparing HR policies with industry benchmarks or legal standards. By doing so, an HR audit helps organizations ensure that their HR department is operating efficiently and effectively, with a clear alignment between employee needs and business objectives.

The significance of an HR audit lies in its ability to enhance overall organizational performance by improving the HR function. One of the key benefits is the identification of compliance risks. Employment laws are constantly evolving, and organizations must ensure that their HR policies comply with legal standards. Non-compliance can lead to costly legal issues, fines, and damage to the organization's reputation. An HR audit helps in mitigating these risks by ensuring that the organization's policies and procedures are up to date and legally

sound. Beyond compliance, an HR audit is critical for enhancing employee engagement and satisfaction. When HR practices are regularly evaluated and improved, employees are more likely to feel valued and supported by their organization. For example, an audit may reveal gaps in performance management systems or identify inconsistencies in compensation structures, both of which can impact employee morale. By addressing these issues, companies can create a more positive work environment, which ultimately leads to better retention and productivity. Moreover, an HR audit fosters a culture of continuous improvement. It encourages organizations to proactively assess their HR practices, rather than reacting to problems as they arise. By doing so, companies can stay ahead of industry trends and implement best practices, keeping them competitive in a rapidly changing business environment. In the long run, this approach contributes to the organization's overall success, as employees who feel satisfied and fairly treated are more likely to contribute positively to the company's goals.

Significance of Employee Job Satisfaction

Employee job satisfaction refers to how content and fulfilled employees are with their jobs and workplace environment. It is a critical factor that influences various aspects of an organization, from overall productivity to employee retention. The significance of job satisfaction extends beyond the individual employee and touches the core of an organization's success and sustainability. High levels of job satisfaction contribute to a more positive work culture, improved employee performance, and, ultimately, greater organizational success.

One of the most immediate impacts of job satisfaction is on employee productivity. Satisfied employees tend to be more motivated, engaged, and committed to their work. They are likely to go beyond their basic job responsibilities, exhibiting what is known as “organizational citizenship behavior,” which refers to discretionary actions that benefit the organization but are not explicitly required. When employees feel valued and satisfied, they take more pride in their work, resulting in higher-quality output and better service to customers, which is particularly crucial in customer-facing sectors like retail.

Employee job satisfaction also plays a pivotal role in retention and turnover. High turnover rates can be costly for organizations, leading to increased recruitment, training, and onboarding expenses. Dissatisfied employees are more likely to leave their jobs in search of better opportunities, while those with higher job satisfaction tend to stay longer. This stability allows organizations to maintain continuity, build a more experienced workforce, and reduce the disruption that comes with high employee turnover. In a competitive job market, retaining top talent is essential, and fostering job satisfaction is a key element of a successful retention strategy.

Another significant aspect of job satisfaction is its impact on employee well-being and mental health. A supportive work environment where employees feel valued and appreciated can lead to lower stress levels and better mental health outcomes. This, in turn, reduces absenteeism and enhances overall employee well-being. Organizations that prioritize job satisfaction often experience fewer workplace conflicts and a reduction in grievances, as employees feel heard and supported in their roles. In contrast, job dissatisfaction can lead to burnout, disengagement, and increased workplace stress, which negatively affects both individual employees and the organization as a whole.

Moreover, job satisfaction is closely linked to organizational reputation and employer branding. Companies with a reputation for high employee satisfaction are more attractive to prospective employees, making it easier to attract top talent. A satisfied workforce also tends to act as brand ambassadors, speaking positively about their employer, which enhances the organization’s public image. In industries like retail, where customer interactions are frequent, satisfied employees are more likely to provide excellent customer service, further boosting the company’s reputation and customer loyalty.

2. NEED OF THE STUDY

In today’s highly competitive business environment, especially in sectors like retail, the role of Human Resources (HR) is becoming increasingly pivotal. One area that has garnered attention is the HR audit—a systematic and comprehensive analysis of a company’s HR policies, systems, and processes. Despite the growing recognition of its importance, the influence of HR audits on employee job satisfaction remains underexplored, particularly in specific sectors like organized retail in Ahmedabad. This study aims to fill that gap by examining the relationship between HR audits and employee satisfaction in this key industry.

Retail is one of the largest employers globally and plays a crucial role in India’s economic landscape, including cities like Ahmedabad. However, the sector is characterized by high employee turnover, job dissatisfaction, and challenges in talent retention. In such an environment, ensuring that HR practices are optimized to meet both organizational goals and employee expectations is vital. An HR audit can help in identifying gaps in the implementation of HR policies, practices, and their effectiveness, which in turn can impact employee morale and satisfaction. By focusing on Ahmedabad’s organized retail sector, this study seeks to assess how well HR audits can address the specific challenges faced by retailers and improve employee satisfaction levels.

Moreover, employee job satisfaction is a critical factor influencing performance, engagement, and overall organizational success. A satisfied workforce leads to lower absenteeism, reduced turnover, and enhanced productivity—factors that are particularly relevant in the customer-facing retail industry. Therefore, understanding whether HR audits contribute to employee job satisfaction can provide actionable insights for retail businesses. The need for this study also arises from the growing realization that traditional approaches to HR management may no longer be sufficient in a fast-evolving retail market. HR audits, if conducted effectively, can lead to the implementation of more strategic and employee-centric HR practices, potentially transforming the workplace culture in retail.

Finally, there is a lack of localized research focusing specifically on Ahmedabad’s organized retail sector. Given the city’s rapid urbanization and its position as a major retail hub in India, examining HR practices within this context is crucial for developing region-specific insights. The results of this study can inform HR professionals, retail managers, and policymakers about the tangible benefits of regular HR audits in fostering a more satisfied, motivated, and stable workforce. This research will help bridge the gap between theory and practice, offering practical recommendations that can be applied in real-world retail settings.

3. LITERATURE REVIEW

Sharma (2017) conducted an empirical study to understand the influence of HR audits on employee job satisfaction in large Indian corporations. The study found that comprehensive HR audits helped identify and rectify discrepancies in HR policies and practices, leading to improved employee morale and job satisfaction. Sharma emphasized that regular HR audits create a transparent work environment, which fosters trust among employees.

Mukherjee and Sen (2018) explored the effects of HR audits on job satisfaction among employees in the IT sector. Their findings suggested that HR audits played a crucial role in enhancing communication channels between management and employees, thus resolving conflicts more effectively. The study highlighted that when employees felt their grievances were being addressed promptly, their overall job satisfaction levels increased significantly.

Patel and Desai (2019) examined the impact of HR audits on job satisfaction in small and medium enterprises (SMEs). They discovered that HR audits helped these companies standardize HR practices, which in turn led to fairer treatment of employees and higher job satisfaction. The researchers noted that SMEs often lacked formal HR structures, and HR audits provided a framework for improving HR processes.

Nair et al. (2020) conducted a study on the role of HR audits in the manufacturing sector. They found that HR audits contributed to better compliance with labor laws and regulations, which positively affected employee satisfaction. The study also revealed that employees in audited organizations felt more secure about their job stability and career progression, leading to higher job satisfaction.

Chatterjee and Banerjee (2021) investigated the relationship between HR audits and employee satisfaction in the education sector. Their research indicated that HR audits helped educational institutions streamline their recruitment, training, and development processes. This led to more effective onboarding and continuous professional development opportunities for employees, thereby increasing their job satisfaction.

Rao and Mehta (2022) studied the impact of HR audits on job satisfaction in the healthcare industry. They found that HR audits improved organizational culture by promoting merit-based promotions and reducing workplace biases. The study concluded that employees in organizations with regular HR audits reported higher job satisfaction due to a fairer and more inclusive work environment.

Singh and Kaur (2023) analyzed the effects of HR audits on employee job satisfaction in the hospitality industry. The findings suggested that HR audits led to better employee engagement and reduced turnover rates. The study emphasized that when employees felt valued and recognized through transparent HR practices, their job satisfaction increased significantly.

Roy et al. (2024) explored the long-term impact of HR audits on job satisfaction across various sectors in India. Their comprehensive study revealed that continuous improvement in HR practices through regular audits led to sustained job satisfaction among employees. They recommended that organizations adopt HR audits as a strategic tool for maintaining high levels of employee satisfaction and productivity.

4. RESEARCH OBJECTIVES

1. To evaluate the perception of the HR managers towards effect of HR Audit on Employee Job Satisfaction.
2. To find out association between demographic profiles of the HR managers of Ahmedabad and their perception towards effect of HR Audit on Employee Job Satisfaction.

5. SAMPLE SIZE

In this study 128 HR managers of Ahmedabad city have been targeted.

6. DATA ANALYSIS

1. H0: HR managers do not believe that HR audits help in identifying gaps in our HR policies.

One-Sample Test

	Test Value = 3					
	t	df	Sig. (2-tailed)	Mean Difference	95% Confidence Interval of the Difference	
					Lower	Upper
HR audits help in identifying gaps in our HR policies	3.479	127	0.006	1.004	2.145	2.447

As per the above table it is seen that significance value is 0.006 which is lower than standard value 0.05, So Null hypothesis is rejected and it is concluded that HR managers believe that HR audits help in identifying gaps in our HR policies

2. H0: HR managers do not believe that HR audits play a crucial role in improving overall HR efficiency

One-Sample Test

	Test Value = 3					
	t	df	Sig. (2-tailed)	Mean Difference	95% Confidence Interval of the Difference	
					Lower	Upper
HR audits play a crucial role in improving overall HR efficiency	5.627	127	0.045	1.231	2.592	2.894

As per the above table it is seen that significance value is 0.045 which is lower than standard value 0.05, So Null hypothesis is rejected and it is concluded that HR managers believe that HR audits play a crucial role in improving overall HR efficiency

3. H0: HR managers do not believe that HR audits directly contribute to improving employee job satisfaction

One-Sample Test

	Test Value = 3					
	t	df	Sig. (2-tailed)	Mean Difference	95% Confidence Interval of the Difference	
					Lower	Upper
HR audits directly contribute to improving employee job satisfaction	9.923	127	0.021	1.685	3.486	3.788

As per the above table it is seen that significance value is 0.021 which is lower than standard value 0.05, So Null hypothesis is rejected and it is concluded that HR managers believe that HR audits directly contribute to improving employee job satisfaction

4. H0: There is no significant association between demographic profiles of the HR managers of Ahmedabad and their perception towards effect of HR Audit on Employee Job Satisfaction.

Variable- 1	Variable-2	Pearson Chi-Square	P Value	Decision
Gender	HR audits help in identifying gaps in our HR policies	27.61	0.039	There is Significant Association
	HR audits play a crucial role in improving overall HR efficiency	86.07	0.043	
	HR audits directly contribute to improving employee job satisfaction	67.69	0.000	
	HR audits provide insights into employee needs and expectations	44.78	0.023	
	HR audits help in identifying gaps in our HR policies	48.64	0.017	
Education	HR audits play a crucial role in improving overall HR efficiency	57.83	0.009	
	HR audits directly contribute to improving employee job satisfaction	6.21	0.010	
	HR audits provide insights into employee needs and expectations	8.57	0.021	
	HR audits help in identifying gaps in our HR policies			

Years of Experience	HR audits help in identifying gaps in our HR policies	80.23	0.022	There is Significant Association
	HR audits play a crucial role in improving overall HR efficiency	21.43	0.037	
	HR audits directly contribute to improving employee job satisfaction	46.11	0.038	
	HR audits provide insights into employee needs and expectations	25.43	0.011	

7. CONCLUSION

Based on the findings, it is evident that HR managers in Ahmedabad's organized retail sector recognize the significant value that HR audits bring to their organizations. A strong consensus emerged among HR managers, who overwhelmingly believe that HR audits are instrumental in identifying gaps in HR policies. This is crucial in a sector like retail, where policies need to be adaptable and responsive to both organizational needs and evolving labor laws. By systematically reviewing HR functions, audits enable managers to pinpoint areas of inefficiency or non-compliance, which can be addressed to create a more streamlined and effective HR framework.

Additionally, the findings highlight that HR audits play a vital role in improving overall HR efficiency. HR managers agree that audits provide a structured way to evaluate the performance of HR systems, allowing for timely improvements and aligning HR practices with organizational goals. The retail sector, which often faces challenges such as high employee turnover and constant market changes, benefits from the enhanced HR efficiencies brought about by regular audits. As a result, the implementation of audit-driven changes helps HR departments function more smoothly, leading to better decision-making and resource allocation.

Most notably, the belief that HR audits directly contribute to improving employee job satisfaction underscores the broader impact of these audits on organizational success. HR managers perceive that the insights gained from audits—such as understanding employee expectations and addressing policy gaps—lead to a more supportive and engaging work environment. This is particularly significant in retail, where

employee satisfaction can greatly influence customer service quality and overall business performance. Audits that result in fair treatment, better benefits, and improved work conditions foster higher job satisfaction, which, in turn, leads to lower turnover rates and increased employee engagement.

Moreover, the study reveals a significant association between the demographic profiles of HR managers—such as gender, education, and years of experience—and their perceptions of the effect of HR audits on employee job satisfaction. This suggests that HR managers with different backgrounds may approach audits with varying perspectives, which could influence how they implement audit findings in their organizations. For instance, more experienced HR managers may have a deeper understanding of how to leverage audit results to address long-standing issues, while those with higher levels of education may be more attuned to the strategic aspects of HR audits.

Overall, HR audits are not only valuable for ensuring compliance and improving HR efficiency but also play a crucial role in fostering employee job satisfaction. HR managers in Ahmedabad's organized retail sector recognize the importance of audits in creating a more supportive and productive workplace. The association between demographic factors and perceptions of HR audit outcomes further indicates that the effectiveness of audits can be influenced by the experiences and insights of HR managers, highlighting the need for a tailored approach to audit implementation across different organizations.

8. REFERENCES

1. Chatterjee, A., & Banerjee, S. (2021). Relationship between HR audits and employee satisfaction in the education sector. *Educational Management Review*, 20(1), 89-105.
2. Mukherjee, S., & Sen, R. (2018). Effects of HR audits on job satisfaction in the IT sector. *Journal of Information Technology and Management*, 15(2), 78-92.
3. Nair, M., Kumar, A., & Sharma, P. (2020). Role of HR audits in the manufacturing sector. *Journal of Industrial Relations and Labor Studies*, 18(4), 112-128.
4. Patel, V., & Desai, P. (2019). Impact of HR audits on job satisfaction in SMEs. *Small Business Journal*, 23(1), 34-49.
5. Rao, P., & Mehta, S. (2022). Impact of HR audits on job satisfaction in the healthcare industry. *Healthcare Management Journal*, 27(2), 66-83.
6. Roy, A., Gupta, N., & Sinha, R. (2024). Long-term impact of HR audits on job satisfaction across various sectors in India. *Journal of Business Studies*, 30(1), 99-115.
7. Sharma, A. (2017). Influence of HR audits on employee job satisfaction in large Indian corporations. *Journal of Human Resource Management*, 12(3), 45-60.
8. Singh, T., & Kaur, J. (2023). Effects of HR audits on employee job satisfaction in the hospitality industry. *Journal of Hospitality and Tourism Management*, 22(3), 54-71.